



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 26, 2002

### **H.R. 4889** **Patient Safety Improvement Act of 2002**

*As ordered reported by the House Committee on Ways and Means on September 18, 2002*

#### **SUMMARY**

H.R. 4889 would expand the duties of the Center for Quality Improvement and Patient Safety (CQuIPS) within the Agency for Healthcare Research and Quality (AHRQ). CQuIPS would establish credentialing procedures for patient safety organizations (PSOs), which collect patient safety data voluntarily submitted by health care providers for inclusion in a patient safety database. The bill also would establish privacy protections and impose fines and civil monetary penalties for violations of those protections.

In addition, H.R. 4889 would establish the Medical Information Technology Advisory Board (MITAB), which would provide advice and recommendations on the compatibility of medical information technologies. The bill would require the Secretary of Health and Human Services, with the National Committee for Vital and Health Statistics and the MITAB, to develop voluntary national standards for uniform reporting of health care information.

CBO estimates that implementing H.R. 4889 would cost \$6 million in 2003 and \$58 million over the 2003-2007 period, assuming the appropriation of the necessary amounts. CBO estimates that receipts from fines for violation of the privacy protections would amount to less than \$500,000 a year. Because the legislation would affect receipts and direct spending, pay-as-you-go procedures would apply.

H.R. 4889 would preempt any state freedom-of-information law that would require the disclosure of information provided by a health care provider to a certified patient safety organization. This preemption would be an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would limit the application of such

state laws. CBO estimates that this mandate would impose no requirement on states that would result in additional spending; thus, the threshold established by UMRA (\$58 million in 2002, adjusted annually for inflation) would not be exceeded.

H.R. 4889 contains no private-sector mandates as defined in UMRA.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4889 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	0	12	14	15	13	13
Estimated Outlays	0	6	11	14	14	13
<b>CHANGES IN REVENUES</b>						
Estimated Revenues	0	*	*	*	*	*
<b>CHANGES IN DIRECT SPENDING</b>						
Estimated Budget Authority	0	*	*	*	*	*
Estimated Outlays	0	*	*	*	*	*
Note: * = Less than \$500,000.						

## BASIS OF ESTIMATE

### Spending Subject to Appropriation

H.R. 4889 would expand the current duties of CQuIPS. The new duties would include the provision of technical assistance to states that have (or are developing) systems for reporting medical errors. CQuIPS also would provide for the certification and recertification of PSOs, which collect patient safety data from health care providers. (PSOs are private or public organizations that conduct activities to improve patient safety and the quality of health care

delivery.) PSOs would not receive funding under this bill. In addition, CQuIPS would establish a patient safety database to collect, support, and coordinate the analysis of patient safety data that is reported on a voluntary basis. Based on information from AHRQ, CBO expects that these tasks would require increased staff for providing assistance to states, oversight of PSOs, and collection and maintenance of the patient safety database. They would also require additional computer resources for the database. Based on information from AHRQ, CBO estimates that the agency would need additional appropriations of \$10 million in 2003 and \$61 million over the 2003-2007 period to carry out these responsibilities. CBO estimates that outlays would total \$4 million in fiscal year 2003 and \$51 million over the 2003-2007 period, assuming the necessary amounts are appropriated.

The bill would require the Secretary to develop voluntary, national standards that promote the compatibility of health care information technology systems across all health care settings. CBO estimates that this effort would not involve significant additional costs.

In addition, H.R. 4889 would require the Comptroller General of the United States to report to the Congress the findings of a comprehensive evaluation of PSOs, the usefulness of the reported information, and the overall effectiveness of the program in reducing medical errors. CBO estimates that these tasks would cost the General Accounting Office \$1 million in 2003 and \$2 million over the 2003-2007 period.

Finally, the bill would establish the MITAB to provide recommendations regarding medical information technology. The MITAB would terminate 30 days after the submission of its final report. For purposes of this estimate, CBO assumed that the MITAB would be created in January 2003, and therefore would terminate in July 2006. As stated in the bill, the MITAB would require one Executive Level V employee and support staff. In addition, while board members would not be compensated for their time serving on the MITAB, reimbursement for travel and per-diem expenses would be allowed. CBO estimates that the MITAB would require appropriations of about \$1 million a year over the 2003-2007 period. We estimate that outlays would total \$0.6 million in fiscal year 2003 and \$5 million over the 2003-2007 period, assuming the necessary amounts are appropriated.

## **Direct Spending and Revenues**

Because those prosecuted and convicted for violation of the bill's privacy provisions could be subject to criminal fines and civil monetary penalties, the federal government might collect additional fines if the bill is enacted. Collections of civil fines are recorded in the budget as governmental receipts (revenues). Criminal fines are deposited as receipts in the Crime Victims Fund and later spent. CBO estimates that any additional receipts and direct spending would be less than \$500,000.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Enacting H.R. 4889 could affect receipts and direct spending through the collection of fines for noncompliance with the privacy standards, but CBO estimates that any such effects would be less than \$500,000 a year.

## **ESTIMATED IMPACT ON STATE, LOCAL AND TRIBAL GOVERNMENTS**

H.R. 4889 would preempt any state freedom-of-information law that would require the disclosure of information provided by a health care provider to a certified patient safety organization. This preemption would be an intergovernmental mandate as defined in UMRA because it would limit the application of such state laws. CBO estimates that this mandate would impose no requirement on states that would result in additional spending; thus, the threshold established by UMRA (\$58 million in 2002, adjusted annually for inflation) would not be exceeded.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 4889 contains no private-sector mandates as defined in UMRA.

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